



HOUSE BILL 1033: Special Assessment/Dam Repair

2013-2014 General Assembly

Committee: House Finance
Introduced by: Rep. Goodman
Analysis of: PCS to Second Edition
H1033-CSRWx-96

Date: June 24, 2014
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SUMMARY: *The Proposed Committee Substitute for House Bill 1033 would authorize counties to impose a special assessment for dam repair if the dam meets certain conditions. The authority would expire July 1, 2019.*

[As introduced, this bill was identical to S766, as introduced by Sen. McLaurin, which is currently in Senate Ref to State and Local Government. If fav, re-ref to Finance.]

CURRENT LAW: In 2008, the General Assembly gave counties and cities the opportunity to use special assessments on benefitted property as a financing tool for long-term capital projects. The authority was set to expire July 1, 2013. Last year, the General Assembly extended the sunset date to July 1, 2015. At that time, no unit of local government had yet used this method of financing.

Assessment-based financing may be used for any purpose for which project development financing may be used. Those purposes include water and sewer systems, public transportation facilities, school facilities, gas systems, electric systems, industrial parks, parks and recreation facilities, and streets and sidewalks. Special assessments may be pledged as additional security for project development financing debt instruments as well as revenue bond financing debt instruments. If the assessment is pledged to secure financing, the city or county must covenant to enforce the payment of assessments.¹ Special assessments must be paid in annual installments over a period not to exceed 30 years.

A county or city may only impose special assessments if it receives a petition for the project to be financed through assessments that meets a two-prong test:

- The petition must be signed by a majority of the owners of the property assessed.
- And those owners must represent ownership of at least 66% of the assessed value of the property to be assessed.²

The county board of commissioners or city must adopt a preliminary assessment resolution that describes the project, the proposed basis for making the assessment, and information concerning the cost of the work and the terms of payment of the assessment. The proposed basis for making the assessment method most accurately assess property according to the benefits conferred upon it by the project for which the assessment is made. The county or city must hold a public hearing on the matter, prepare a preliminary assessment roll, and publish a confirmation of the assessment roll once it is adopted. An

¹ Unpaid assessments bear interest at a rate fixed in the assessment resolution. A county or city may foreclose assessment liens under procedures provided by law for the foreclosure of property tax liens.

² For example, if there are 21 owners involved and 10 hold 67% of the assessed value of the property to be assessed, at least one of the other 11 owners would have to sign the petition for the county or city to be able to impose the special assessments. Likewise, if 21 owners are involved and one owner owns 67% of the assessed value of the property, that one owner would have to be one of the signatures on the petition for the county or city to impose the special assessments.



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owner of property against which an assessment is made may file a notice of appeal to the General Court of Justice if the owner is dissatisfied with the amount of the assessment.

BILL ANALYSIS: The PCS for House Bill 1033 would authorize counties to make special assessments against property that is contiguous to a lake and benefits from access to the lake for the purpose of repairing the dam of that lake. This authority applies only to a privately-owned dam formerly used for textile mill purposes forming a lake between 225 and 325 acres in area.

EFFECTIVE DATE: This act is effective when it becomes law and the authorization for the use of the assessment procedure for dam repair would expire on July 1, 2019. The expiration would not affect the validity of any assessments imposed or bonds issued prior to the effective date of the expiration.

Giles Perry, counsel to House Government, substantially contributed to this summary.